

KINGFISHER LAKE FIRST NATION
CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2016

KINGFISHER LAKE FIRST NATION
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FOR THE YEAR ENDED MARCH 31, 2016

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KINGFISHER LAKE FIRST NATION
CONSOLIDATED FINANCIAL STATEMENTS
MARCH 31, 2016

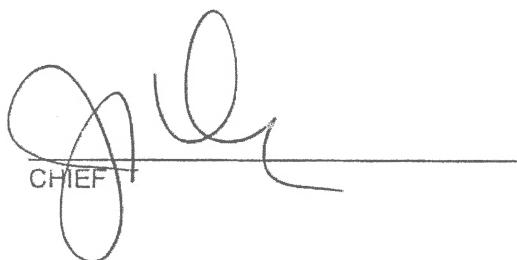
MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL STATEMENTS

The consolidated financial statements of Kingfisher Lake First Nation are the responsibility of management and have been approved by Chief and Council.

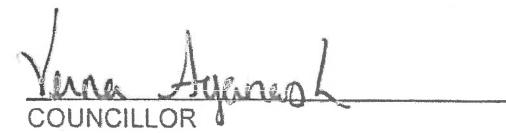
Management is responsible for the integrity and objectivity of the consolidated financial statements. Estimates are necessary in the preparation of these consolidated financial statements and, based on careful judgments, have been properly reflected. Management has established systems of internal control, which are designed to provide reasonable assurance that assets are safeguarded from loss or unauthorized use and to produce reliable accounting records for the preparation of financial information.

The Chief and Council is responsible for ensuring that management fulfills its responsibilities for financial reporting and is ultimately responsible for reviewing and approving the consolidated financial statements.

The consolidated financial statements have been audited by Holukoff Chiarella in accordance with Canadian generally accepted auditing standards on behalf of the members. Holukoff Chiarella have full and free access to the Chief and Council.



CHIEF



COUNCILLOR

Holukoff Chiarella

CHARTERED ACCOUNTANTS

EXHIBIT "A"

Kevin Massee, B.Comm. (Hons), C.A.
(Practising as Kevin Massee Chartered Accountant Ltd.)
Ralph Orr, B.Comm. (Hons), C.A.
(Practising as Ralph Orr Chartered Accountant Ltd.)

101 - 1180 Pembina Highway
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INDEPENDENT AUDITORS' REPORT

To the Chief, Council and Members of
Kingfisher Lake First Nation

We have audited the accompanying financial statements of Kingfisher Lake First Nation, which comprise the consolidated statement of financial position as at March 31, 2016 and the consolidated statements of accumulated surplus, operations, change in net financial assets and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian public sector accounting standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified audit opinion.

Holukoff Chiarella

CHARTERED ACCOUNTANTS

EXHIBIT "A"

Kevin Masse, B.Comm. (Hons), C.A.
(Practising as Kevin Masse Chartered Accountant Ltd.)
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INDEPENDENT AUDITORS' REPORT, continued

Basis for Qualified Opinion

Inventory and prepaid expenses consist of band garage parts, uninstalled fuel tanks, building material and fuel and groceries for resale. We did not observe the inventory counts and prepaid supplies on hand at the beginning or end of the year and alternative means did not provide us with necessary assurance concerning the cost of inventory. As a result, we were unable to determine what adjustments, if any, might be necessary to assets, annual surplus (deficit) and accumulated surplus.

The financial statements include investments in Wasaya Partnership, Wasaya Group Inc. and Landmark Inn. The financial information for Wasaya Partnership, Wasaya Group Inc. and Landmark Inn has not been audited. As a result, we were not able to determine if adjustments might have been found necessary in respect of the long-term investments and the elements marking up the consolidated statements of accumulated surplus, consolidated statements of operations, consolidated statements of financial position, consolidated statements of accumulated surplus, consolidated statements of operations, consolidated statements of change in net debt and consolidated statements of cash flows.

Qualified Opinion

In our opinion, except for the effect of adjustments, if any, which might have been determined to be necessary as a result of the matters in the preceding paragraphs, these consolidated financial statements present fairly, in all material respects, the financial position of Kingfisher Lake First Nation as at March 31, 2016, and its financial performance and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Holukoff Chiarella

WINNIPEG, MANITOBA
July 29, 2016

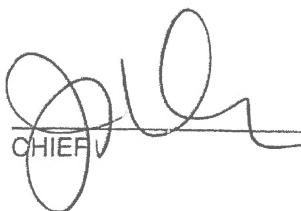
CHARTERED PROFESSIONAL ACCOUNTANTS
LICENSED PUBLIC ACCOUNTANTS

KINGFISHER LAKE FIRST NATION
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT MARCH 31, 2016

EXHIBIT "B"

	<u>2016</u>	<u>2015</u>
		(Restated)
FINANCIAL ASSETS		
Cash in bank, Note 2	\$ 2,575,576	1,139,718
Accounts receivable, Note 3	1,754,859	1,311,326
Inventory for resale	1,099,135	1,389,910
Investments, Note 4	1,406,387	4,084,029
Ottawa Trust Funds, Note 5	49,015	47,997
Advances to First Nation controlled entities, Note 6	<u>108,526</u>	
	<u>6,993,498</u>	<u>7,972,980</u>
LIABILITIES		
Bank loan, Note 7	265,000	250,000
Accounts payable, Note 8	3,775,950	1,904,471
Advances from First Nation controlled entities, Note 6		282,116
Deferred revenue, Note 9	380,948	628,884
Long term debt, Note 10	2,148,150	2,524,813
Moveable asset reserve, Note 11	251,884	251,073
Replacement reserves, Note 12	<u>178,977</u>	<u>166,947</u>
	<u>7,000,909</u>	<u>6,008,304</u>
NET FINANCIAL ASSETS	<u>(7,411)</u>	<u>1,964,676</u>
NON FINANCIAL ASSETS		
Prepaid expenses, Note 14	253,026	659,146
Inventory of supplies	90,000	65,000
Tangible capital assets, Note 13	<u>12,397,315</u>	<u>14,055,324</u>
	<u>12,740,341</u>	<u>14,779,470</u>
ACCUMULATED SURPLUS, Note 15	\$ 12,732,930	16,744,146
CONTINGENCIES AND COMMITMENTS, Note 17		

APPROVED BY:


 CHIEF


 COUNCILLOR

EXHIBIT "C"

KINGFISHER LAKE FIRST NATION
CONSOLIDATED STATEMENT OF ACCUMULATED SURPLUS
FOR THE YEAR ENDED MARCH 31, 2016

	<u>2016</u>	<u>2015</u> (Restated)
BALANCE AT BEGINNING OF YEAR	\$ 16,744,146	18,693,295
ANNUAL SURPLUS (DEFICIT), Exhibit "D"	<u>(4,011,216)</u>	<u>(1,949,149)</u>
BALANCE AT END OF YEAR	\$ <u>12,732,930</u>	<u>16,744,146</u>

EXHIBIT "D"

KINGFISHER LAKE FIRST NATION
CONSOLIDATED STATEMENT OF OPERATIONS
FOR THE YEAR ENDED MARCH 31, 2016

		2016	2015
		<u>Budget</u>	<u>Actual</u>
			<u>Actual</u> (Restated)
REVENUE			
Federal Government			
AANDC	\$ 3,360,741	5,523,868	4,203,568
Health Canada - Regular	1,475,119	2,274,269	2,098,786
Canada Mortgage and Housing Corporation		95,377	99,758
Provincial Government			
Ministry of Aboriginal Affairs		90,000	90,000
Ministry of Community and Social Services	400,000	541,224	471,764
Ministry of Health		145,434	164,434
Ministry of Mines and Northern Development		263,730	263,730
Ontario First Nations Limited Partnership		845,391	993,635
Musselwhite Mine		1,159,245	1,258,251
Nishinabe Aski Nation		107,206	94,023
Shibogama First Nation Council			87,003
SLAAMB	56,346	78,813	105,948
First Nation Controlled Entities		6,437,069	6,800,443
Other	426,981	<u>1,327,017</u>	<u>1,352,399</u>
	<u>5,719,187</u>	<u>18,888,643</u>	<u>18,083,742</u>
EXPENSES			
First Nation Management	567,433	600,786	667,226
Economic Development	46,260	59,331	51,000
Education Services	899,758	1,206,162	1,199,363
Social Services	496,030	776,269	708,346
Municipal Services	1,426,404	4,066,368	2,512,935
Health Services	1,578,438	2,284,889	2,245,251
Capital	859,115	946,247	1,398,512
Other Programs	668,078	1,957,644	1,917,430
Revenue Enterprises		216,567	267,934
Seniors Complex		60,204	149,199
Housing Authority		98,429	107,444
Enterprise cost of sales		3,884,217	4,009,736
Socio Economic Development Corporation		1,608,618	1,697,961
Omahamo Holdings Inc.		57,599	67,166
1103462 Ontario Inc.		571,238	585,195
Okeskemanee Construction Ltd.		<u>158,274</u>	<u>573,646</u>
	<u>6,541,516</u>	<u>18,552,842</u>	<u>18,158,344</u>
ANNUAL SURPLUS (DEFICIT)			
BEFORE OTHER ITEMS	(822,329)	335,801	(74,602)
OTHER ITEMS			
Write down of investments		(2,592,466)	
Amortization not included in operations		(1,644,462)	(1,937,915)
Investment income (loss)		(111,107)	62,047
Interest, Ottawa Trust Fund		<u>1,018</u>	<u>1,321</u>
ANNUAL SURPLUS (DEFICIT)	\$ <u>(822,329)</u>	<u>(4,011,216)</u>	<u>(1,949,149)</u>

EXHIBIT "E"

KINGFISHER LAKE FIRST NATION
CONSOLIDATED STATEMENT OF CHANGE IN NET FINANCIAL ASSETS
FOR THE YEAR ENDED MARCH 31, 2016

	<u>2016</u>	<u>2015</u>
		(Restated)
ANNUAL SURPLUS (DEFICIT), Exhibit "D"	\$ (4,011,216)	(1,949,149)
Acquisition of tangible capital assets	(50,766)	(519,903)
Amortization of tangible capital assets	1,708,775	2,031,559
Change in prepaid expenses	406,120	35,959
Change in inventory of supplies	<u>(25,000)</u>	<u>10,000</u>
DECREASE IN NET FINANCIAL ASSETS	(1,972,087)	(391,534)
NET FINANCIAL ASSETS AT BEGINNING OF YEAR	<u>1,964,676</u>	<u>2,356,210</u>
NET FINANCIAL ASSETS AT END OF YEAR	<u>\$ (7,411)</u>	<u>1,964,676</u>

EXHIBIT "F"

KINGFISHER LAKE FIRST NATION
CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED MARCH 31, 2016

	<u>2016</u>	<u>2015</u>
		(Restated)
OPERATING TRANSACTIONS		
Annual surplus (deficit), Exhibit "D"	\$ (4,011,216)	(1,949,149)
Add non-cash items		
Amortization	1,708,775	2,031,559
Replacement reserve	811	(39,092)
Moveable asset reserve	12,030	(7,361)
Investment loss (income)	111,107	(62,047)
Write down of investments	2,592,466	
Net change in financial assets/liabilities and prepaid expenses		
Accounts receivable	(443,533)	345,982
Inventory for resale	290,775	(602,544)
Inventory of supplies	(25,000)	10,000
Prepaid expenses	406,120	36,665
Ottawa Trust funds	(1,018)	(1,321)
Accounts payable	1,871,479	(142,489)
Due from First Nation controlled entities	(390,642)	1,125,152
Deferred revenue	<u>(247,936)</u>	<u>(300,476)</u>
	<u>1,874,218</u>	<u>444,879</u>
CAPITAL TRANSACTIONS		
Acquisition of tangible capital assets	<u>(50,766)</u>	<u>(519,903)</u>
FINANCING TRANSACTIONS		
Proceeds from bank loan	15,000	250,000
Proceeds from long term debt	18,000	867,000
Principal repayments on long term debt	<u>(394,663)</u>	<u>(1,150,103)</u>
	<u>(361,663)</u>	<u>(33,103)</u>
INVESTING TRANSACTIONS		
Increase in investments	<u>(25,931)</u>	<u>(62,626)</u>
NET CHANGE IN CASH POSITION		
	1,435,858	(170,753)
CASH POSITION AT BEGINNING OF YEAR		
	<u>1,139,718</u>	<u>1,310,471</u>
CASH POSITION AT END OF YEAR		
	<u>\$ 2,575,576</u>	<u>1,139,718</u>

KINGFISHER LAKE FIRST NATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2016

1. BASIS OF PRESENTATION AND SIGNIFICANT ACCOUNTING POLICIES

These consolidated financial statements have been prepared in accordance with Canadian public sector accounting standards for local government entities, as defined in the Public Sector Accounting and Auditing handbook of the Chartered Public Accountants of Canada.

a) Reporting Entity and Principles of Financial Reporting

Kingfisher Lake First Nation reporting entity includes the Kingfisher Lake First Nation government and all related unincorporated non-business entities which are accountable to the First Nation and are either owned or controlled by the First Nation.

These financial statements summarize on a combined basis the assets, liabilities and results of operations for the following unincorporated non-business entities. The readers of these financial statements have access to the detailed information of each entity's financial statement.

Year Ended March 31

Kingfisher Lake Revenue Enterprises Fund
Kingfisher Lake Senior Citizens Complex
Kingfisher Lake Housing Authority

Investments in incorporated First Nation controlled entities owned by Kingfisher Lake First Nation are also included in these consolidated financial statements. These include:

Year Ended July 31

Kingfisher Lake Socio Economic Development Corporation
Omahamo Holdings Inc.
1103462 Ontario Inc.

Year Ended March 31

Okeskemanesee Construction Ltd.

All inter-entity balances have been eliminated on summarization, but in order to present the results of operations for each specific entity, transactions amongst entities have not necessarily been eliminated.

b) Amortization

Capital assets are amortized over their expected useful life using the straight line method at the following rates:

Commercial/public buildings	10 and 15 years
Band housing	15 years
Infrastructure	10 and 15 years
General equipment	3, 5 and 10 years
Vehicles	3 and 5 years
Heavy equipment	5 years

Amortization is recorded in the year after acquisition or put in use.

Social Housing assets acquired under CMHC sponsored housing programs are amortized at a rate equivalent to the annual principal reduction in related long term debt, which approximates its economic life.

KINGFISHER LAKE FIRST NATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2016

1. BASIS OF PRESENTATION AND SIGNIFICANT ACCOUNTING POLICIES, continued

b) Amortization, continued

Assets in some First Nation controlled enterprises are amortized on a declining balance basis at the following rates:

Buildings	10%
General equipment	20%
Vehicles	30%
Heavy equipment	30%

c) Inventory

Inventory for resale is valued at lower of cost and net realizable value on a first in first out basis.

d) Revenue Recognition

The First Nation follows the deferral method of accounting for revenue. Revenue is recognized as it becomes receivable under the terms of applicable funding agreements and can reasonably be estimated and collection is reasonably assured. Funding received under the funding arrangements which relates to a subsequent fiscal period is reflected as deferred revenue in the year of receipt and classified as such on the statement of financial position.

e) Tangible Capital Assets

Tangible capital assets include acquired, built, developed and improved tangible capital assets, whose useful life extends beyond one year and which are intended to be used on an ongoing basis for producing goods and delivering services. The organization does not capitalize computer software or capital asset acquisitions under \$5,000.

Certain assets which have historical or cultural value, including works of art, historical documents and historical and cultural artefacts, are not recognized as tangible capital assets. Assets under construction are not amortized until the asset is available to be put into service.

f) Net Debt/Net Financial Assets

The First Nation's financial statements are presented so as to highlight the net debt/net financial assets as a measurement of financial position. The net debt/net financial assets of the organization are determined by its financial assets less its liabilities.

g) Deferred Revenue

Deferred revenue represents funding received or receivable under the terms of their respective funding arrangements for specified purposes and for which the related expenses have not been incurred. Unspent funding or expenses made which are not in accordance with the terms of the funding arrangements may constitute a debt to the funding authority upon review of the funding arrangement expenses. Note 9 to these financial statements summarize deferred revenue by project.

h) Use of Estimates

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements, and the reported amounts of revenue and expenses during the reported period. Actual results could differ from management's best estimates as additional information becomes available in the future.

KINGFISHER LAKE FIRST NATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2016

1. BASIS OF PRESENTATION AND SIGNIFICANT ACCOUNTING POLICIES, continued

i) Financial Instruments

Initial and subsequent measurement

The First Nation initially measures its financial assets and liabilities at fair value, except for certain related party transactions that are measured at the carrying amount or exchange amount, as appropriate.

The First Nation subsequently measures all its financial assets and liabilities at cost or amortized cost, except for investments in non-controlled entities which are accounted for on an equity basis. Changes in the net equity of investments are recognized in annual surplus (deficit) in the period incurred.

Financial assets measured at amortized cost on a straight-line basis include cash in bank, accounts receivable and Ottawa Trust Funds.

Financial liabilities measured at amortized cost on a straight-line basis include bank loan, accounts payable and long term debt.

Transaction costs

Transactions costs related to financial instruments that will be subsequently measured at fair value are recognized in net income in the period incurred. Transaction costs related to financial instruments subsequently measured at amortized cost are included in the original cost of the asset or liability and recognized in net income over the life of the instrument using the straight-line method.

2. CASH IN BANK

	<u>2016</u>	<u>2015</u>
	(Restated)	
Administration	\$ 1,651,952	191,460
Social Services	(11,192)	(3,697)
Equity Fund	193,324	304,515
Revenue Fund	11,556	16,206
Credit Fund	17,294	21,237
Musselwhite Revenue Sharing	75,615	659
Senior Citizens Complex	169,065	133,740
CMHC Housing Authority	11,289	7,917
Casino Rama	2,721	2,880
Socio Economic Development Corporation	179,146	297,396
Omahamo Holdings Inc.	84,869	119,554
1103462 Ontario Inc.	189,826	38,598
Okeskemanesee Construction Ltd.	<u>111</u>	<u>9,253</u>
	<u>\$ 2,575,576</u>	<u>1,139,718</u>

EXHIBIT "G"

KINGFISHER LAKE FIRST NATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2016

3. ACCOUNTS RECEIVABLE

	<u>2016</u>	<u>2015</u>
		(Restated)
Administration		
AANDC	\$ 80,013	137,679
Ashweig Winter Roads	467,486	459,251
Shibogama First Nations Council	49,436	50,703
Members loans and advances	23,222	55,552
Other trade receivables	414,056	355,264
Less allowance for doubtful accounts	(447,963)	(369,698)
Social Services - Province of Ontario M.C.S.S.	20,377	23,284
Revenue Fund - Members loans and advances	100,318	92,390
Less allowance for doubtful accounts	(85,845)	(81,398)
Credit Fund - Members loans and advances	53,617	68,121
Less allowance for doubtful accounts	(45,930)	(46,330)
Musselwhite Revenue Sharing - Members loans and advances	13,143	13,143
Less allowance for doubtful accounts	(13,143)	(13,143)
Senior Citizens Complex - Rents receivable from members	52,876	48,601
Less allowance for doubtful accounts	(46,516)	(43,678)
CMHC Housing Authority - Rents receivable from members	38,657	39,684
Less allowance for doubtful accounts	(34,673)	(36,434)
Socio Economic Development Corporation	718,732	847,603
Less allowance for doubtful accounts	(408,700)	(455,996)
1103462 Ontario Inc.	706,264	96,678
Okeskemanesee Construction Ltd.	102,551	103,191
Less allowance for doubtful accounts	(102,551)	(102,551)
Omahamo Holdings Inc.	<u>99,432</u>	<u>69,410</u>
	<u>\$ 1,754,859</u>	<u>1,311,326</u>

KINGFISHER LAKE FIRST NATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2016

4. INVESTMENTS

The First Nation has the following investments in non-controlled entities, accounted for on an equity basis:

	<u>2016</u>	<u>2015</u>
Wasaya Partnership	\$ 1,415,865	
Wasaya Group Inc.	1,176,601	
Landmark Inn - Equity investment	283,926	316,417
Landmark Leasing Corporation	(46,346)	(51,709)
2061842 Ontario Inc (BBH Contracting)	110,665	9,594
BBH Limited Partnership	177,549	29,368
BBH Leasing Ltd.	16,908	
BBH General Partner Ltd.	(50,153)	
Cable TV operations	53,721	53,721
Myguard Security Group LP - Equity investment	20,568	2,645
2317186 Ontario Limited (Happy Time Tours)	(78,615)	66,365
2317365 Ontario Limited (Happy Time Tours)	(332,965)	(112,922)
Asheweig Winter Roads Corporation	8,573	
Loans receivable, Happy Time Tours without interest on demand	1,206,078	1,163,722
2317186 Ontario Limited (Happy Time Tours)	<u>36,478</u>	<u>14,362</u>
	<u>\$ 1,406,387</u>	<u>4,084,029</u>

5. OTTAWA TRUST FUNDS

The Ottawa Trust Accounts arise from monies derived from capital or revenue sources as outlined in Section 62 of the Indian Act. These funds are held in trust in the Consolidated Revenue Fund of the Government of Canada and are subject to audit by the Office of the Auditor General of Canada. The management of these funds is primarily governed by Sections 63 to 69 of the Indian Act

	<u>2016</u>	<u>2015</u>
Unexpended funds beginning of year	\$ 47,997	46,676
Interest earned	<u>1,018</u>	<u>1,321</u>
Unexpended funds end of year	<u>\$ 49,015</u>	<u>47,997</u>

6. ADVANCES TO/FROM FIRST NATION CONTROLLED ENTITIES

Advances to First Nation controlled entities represents net advances paid to First Nation controlled entities with July 31, 2015 year-ends during the period from August 1, 2015 to March 31, 2016.

Advances from First Nation controlled entities represents net advances received from First Nation controlled entities with July 31, 2014 year-ends during the period August 31, 2014 to March 31, 2015.

KINGFISHER LAKE FIRST NATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2016

7. BANK LOAN

The First Nation has set up a line of credit with the Royal Bank of Canada with interest at prime plus 1.25%. The maximum credit limit on this line of credit is \$300,000 with security as outlined in Note 10 to these financial statements.

8. ACCOUNTS PAYABLE

	<u>2016</u>	<u>2015</u>
	(Restated)	
Administration		
Employee deductions payable	\$ 38,409	67,484
Other trade payables	<u>2,611,252</u>	<u>915,825</u>
	2,649,661	983,309
Social Services - Trade payables	62,331	27,553
Kingfisher Lake Enterprises Fund		
Revenue Fund - Trade payables	140,373	105,310
Credit Fund - Unearned interest	(9,726)	8,358
First Nation controlled entities		
Socio Economic Development Corporation	742,488	690,203
Omahamo Holdings Inc.	5,000	5,828
103462 Ontario Inc. (fuel)	171,273	83,910
Okeskemanesee Construction Ltd.	<u>14,550</u>	<u> </u>
	<u>\$ 3,775,950</u>	<u>1,904,471</u>

9. DEFERRED REVENUE

	Opening Balance March 31 2015	Revenue Received	Revenue Recognized	Closing Balance March 31 2016
Government Capacity Planning	\$ 25,754			25,754
Fire Training	18,480			18,480
Education Services	3,133	715,600	718,733	
Low Cost Education	16,206	35,800	52,006	
Diesel Generation Study	<u>45,540</u>	<u>1,114,560</u>	<u>1,160,100</u>	<u> </u>
Subtotal - AANDC funded projects	64,879	1,910,194	1,930,839	44,234
Awareness Walk	69,819		27,240	42,579
Casino Rama	87,482	851,452	845,391	93,543
Equity Fund	304,515	128,119	262,683	169,951
School Trips	12,003	15,008	21,699	5,312
Residential School Settlement		12,000	3,000	9,000
Northern Ontario School of Medicine	6,500	4,500	11,000	
After School Program	16,329	34,031	34,031	16,329
FNSSD Implementation	66,766	98,400	165,166	
Ducks Unlimited	591	390	981	
	<u>\$ 628,884</u>	<u>3,054,094</u>	<u>3,302,030</u>	<u>380,948</u>

KINGFISHER LAKE FIRST NATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2016

10. LONG TERM DEBT

	<u>2016</u>	<u>2015</u>
Royal Bank of Canada		
Fixed rate term loan, interest at 4.0%, maturing March 2, 2020. Payments of \$15,968, including principal and interest, payable monthly.	\$ 706,969	867,000
Fixed rate term loan, interest at 4.8%, maturing June 20, 2020. Payments of \$8,300, including principal and interest, payable monthly.	559,183	629,996
Fixed rate term loan, interest at prime plus 1.6%, maturing March 2, 2017. Principal payments of \$7,200, plus interest, payable monthly.	159,182	245,582
Fixed rate term loan, interest at prime plus 1.55%, maturing June 4, 2016. Payments of \$1,500, including principal and interest, payable monthly.	4,894	
Senior Citizens Complex		
CMHC Mortgage Payable		
Interest at 0.98% per annum, repayable at \$5,637 per month principal and interest, maturing June 1, 2017, secured by the building and an assignment of insurance proceeds.	\$ 101,003	113,263
Housing Authority		
CMHC Mortgage Payable, interest at 1.64%, repayable at \$5,211 per month principal and interest, maturing December 31, 2026, secured by the building and an assignment of insurance proceeds. Renewal date is February 1, 2017.	616,919	668,972
	<u>\$ 2,148,150</u>	<u>2,524,813</u>

Principal payments due within the next five years are as follows:

2017	\$ 541,376
2018	728,920
2019	234,778
2020	242,821
2021	56,414
Thereafter	<u>343,841</u>
	<u>\$ 2,148,150</u>

KINGFISHER LAKE FIRST NATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2016

10. LONG TERM DEBT, continued

Royal Bank

The First Nation has negotiated a number of credit facilities. Interest rates vary by loan. Loans are secured by a general security agreement, assignment to forward \$360,000 per year from Ontario First Nation Limited Partnership, \$360,000 from Musselwhite Revenue Sharing, and \$256,800 from Hydro One Remote Fuel Revenue.

Facility #1 Revolving Demand facility available to \$300,000

- #2 Non-revolving Loan for \$778,700 to be used to repay Bank of Montreal Loan for the Small Business Centre.
- #3 Variable rate term loan in the amount of \$550,000 to be used to finance the purchase of fuel tanks.
- #4 Non-revolving term loan in the amount of \$867,000 to be used for purchase of fuel.
- #5 Non-revolving term loan in the amount of \$800,000 to be used for an investment in a group of companies.

11. MOVABLE ASSET RESERVE

Under the terms of the Health Services Transfer Agreement the initial lump sum, interest and an annual amount of \$16,667 are to be placed in a reserve for the replacement of assets. As at March 31, 2016, the moveable asset reserve is unfunded.

12. REPLACEMENT RESERVES

Under the terms of the agreement with Canada Mortgage and Housing Corporation, the Replacement Reserve accounts are to be credited in the amount of \$16,800 annually. These Funds along with accumulated interest are to be held in a separate bank account and/or invested only in accounts or instruments insured by the Canada Deposit Insurance Corporation or as may otherwise be approved by CMHC from time to time. The funds in the account may only be used as approved by CMHC. Withdrawals are credited to interest first then principal. As at March 31, 2016, the replacement reserves are unfunded.

KINGFISHER LAKE FIRST NATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2016

13. TANGIBLE CAPITAL ASSETS

	2016				
	Cost Mar. 31/15	Additions (Disposals)	Cost Mar. 31/16	Accumulated Amortization	Net Book Value
Infrastructure	\$ 15,270,076	(137,762)	15,132,314	11,540,069	3,592,245
Band Housing	15,256,234	(220,061)	15,036,173	10,482,971	4,553,202
CMHC Housing	2,574,208		2,574,208	2,574,208	
Public Buildings	8,917,522	12,890	8,930,412	5,558,407	3,372,005
Equipment	1,502,981	19,876	1,522,857	1,304,799	218,058
Vehicles	2,354,226	18,000	2,372,226	2,131,075	241,151
Heavy Equipment	1,179,046	(85,224)	1,093,822	673,168	420,654
	\$ 47,054,293	(392,281)	46,662,012	34,264,697	12,397,315

	2015 (Restated)				
	Cost Mar. 31/14	Additions (Disposals)	Cost Mar. 31/15	Accumulated Amortization	Net Book Value
Infrastructure	\$ 15,270,076		15,270,076	11,169,158	4,100,918
Band Housing	15,256,234		15,256,234	10,112,984	5,143,250
CMHC Housing	2,574,208		2,574,208	2,574,208	
Public Buildings	8,917,522		8,917,522	5,248,616	3,668,906
Equipment	1,470,410	32,571	1,502,981	1,142,820	360,161
Vehicles	2,279,786	74,440	2,354,395	2,077,395	276,831
Heavy Equipment	790,106	388,940	1,179,046	673,788	505,258
	\$ 46,558,342	495,951	47,054,293	32,998,969	14,055,324

14. PREPAID EXPENSES

Prepaid expenses at March 31, 2016 are comprised of uninstalled fuel tanks on hand, as well as building material delivered to the First Nation for the next year's housing projects and costs for potential investment, as follows:

	2016	2015
Fuel tanks on hand	\$ 98,311	98,311
Building material	65,048	448,286
Other	89,668	112,549
	\$ 253,027	659,146

KINGFISHER LAKE FIRST NATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2016

15. ACCUMULATED SURPLUS

A portion of this balance includes surpluses and/or deficits from funds contributed by government agencies. Such surpluses/deficits may be subject to repayment or recovery by the contributing agencies, depending on the terms and conditions of the relevant contribution arrangements. Any repayment or recovery of previous surpluses is recorded in the period of repayment or recovery as an adjustment to revenue.

16. FEDERAL ASSISTANCE PAYMENTS

The following projects receive federal assistance through Canada Mortgage and Housing Corporation, pursuant to Section 56.1 of the National Housing Act, to reduce mortgage interest expense to 2% to enable the projects to provide shelter to low income individuals. The amount of the assistance received for the year ended March 31, 2016 was as follows:

	<u>2016</u>	<u>2015</u>
Seniors Complex Housing Authority	\$ 38,122 <u>57,255</u>	42,503 <u>57,255</u>
	\$ 95,377	<u>99,758</u>

17. CONTINGENCIES AND COMMITMENTS

The First Nation has provided the following loan guarantees:

- a) term loan to BBH Leasing Ltd. in the amount of \$50,000 to the Royal Bank of Canada;
- b) line of credit to BBH Limited Partnership to a maximum of \$100,000 to the Royal Bank of Canada;
- c) fuel loan to 103462 Ontario Inc. to a maximum of \$330,000 to the Royal Bank of Canada; and
- d) term loan to 103462 Ontario Inc. in the amount of \$62,000 to the Royal Bank of Canada.

KINGFISHER LAKE FIRST NATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2016

18. SUBSEQUENT EVENTS

Loan Receivable

Subsequent to the year end, the First Nation entered into a loan agreement with Wasaya Airways Limited Partnership and Wasaya Airways Leasing Ltd (the "Wasaya Borrowers") for a loan to a maximum of \$1,500,000. The loan is a non-revolving facility for a term of five years from the date of the first draw. Interest is 30% per annum, payable monthly. Principal amount of the loan is due at the end of the term of the agreement. The loan receivable is secured by a general security agreement in the assets of the Borrowers and guarantees of various affiliated enterprises of the Borrowers.

Loan Payable

Subsequent to the year, the First Nation entered into a loan agreement with 2513301 Ontario Inc. for a loan to a maximum of \$1,500,000. The loan is a non-revolving facility, for a term of five years from the date of the first draw. Interest is 25% per annum, payable monthly, Principal amount is due at the end of the term of the agreement. The loan payable is secured by an interest in BBH Limited Partnership, 2317186 Ontario Limited (Happy Time Tours), 2317365 Ontario Limited (Happy Time Leasing), a general security agreement of the assets of the First Nation, assignment of revenues from Ontario First Nation Limited Partnership (Casino Rama) and Goldcorp's Musselwhite Mine and assignment of security granted by the Wasaya Borrowers.

The first draw on the above noted offsetting loans were for \$1,000,000 on or about July 16, 2016.

19. ECONOMIC DEPENDENCE

Kingfisher Lake First Nation receives a major portion of its revenues pursuant to funding arrangements with Aboriginal Affairs Northern Development Canada and Health Canada.

KINGFISHER LAKE FIRST NATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2016

20. FINANCIAL RISKS AND CONCENTRATION OF RISK

a) Credit risk

Credit risk refers to the risk that a counterparty may default on its contractual obligations resulting in a financial loss. The accounts receivable are mainly due from funders. Amounts due from others for which collection is questionable is provided for as a doubtful account when determined. There has been no change to the risk exposures from 2015.

b) Liquidity risk

Liquidity risk is the risk that First Nation will be unable to fulfill its obligations on a timely basis or at a reasonable cost. The First Nation's exposure to liquidity risk is dependent on the collection of funding, collection of accounts receivable, purchasing commitments and obligations or raising of funds to meet commitments and sustain operations. Cash flow from operations provides a substantial portion of the First Nation's cash requirements. Additional cash requirements are provided by operating lines of credit as needed. Management is of the opinion that liquidity risk is not a significant risk and there has been no change to the risk exposures from 2015.

The First Nation's debt is structured with regularly recurring payments, secured by assets. Regularly recurring payments are required to service this debt, limiting the requirement to extinguish the debt in the short term. Interest rate fluctuations impact the cash flows but not to a significant effect.

c) Currency risk

The First Nation is not exposed to financial risks as a result of exchange rate fluctuations and the volatility of these rates. In the normal course of business, the First Nation does not normally have purchases and sales denominated in foreign currency. There has been no change to the risk exposure from 2015.

d) Interest Rate risk

The First Nation has fixed rate long-term debt and variable rate short-term credit facilities. A change in the variable rate impacts cash flows to service the variable rate short-term credit facilities when such debt is outstanding. There has been no change to the risk exposure from 2015 and there is expected to be no substantive change in the next fiscal period.

KINGFISHER LAKE FIRST NATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2016

21. CHANGE IN ACCOUNTING POLICY

For the year ended March 31, 2016, the First Nation changed its accounting policy in the way that it reports its Investments in First Nation Controlled Entities, for its holdings in the following entities:

- Kingfisher Lake Socio Economic Development Corporation
- Omahamo Holdings Inc.
- 1103462 Ontario Inc.
- Okeskemanesee Construction Ltd.

In previous years, the First Nation accounted for these wholly owned entities on an equity basis whereby the amount shown as Investment in First Nation Controlled Entities was reflected as a one-line item on the Consolidated Statement of Financial Position at the First Nation's initial investment plus its cumulative equity in the annual surplus (deficit) of these entities. In addition, the current year's annual surplus (deficit) of these wholly owned entities was reflected as a one-line item on the Consolidated Summary Statement of Operations for the year as Business Enterprise Income (Loss).

For the year ended March 31, 2016, the financial assets, liabilities, non-financial assets, revenue and expenses of these First Nation Controlled Entities were consolidated in these financial statements. This change in accounting policy was applied on a retrospective basis, with a restatement of the following comparative figures for the year ended March 31, 2015:

	Previously Stated	Net Change	Restated
FINANCIAL ASSETS			
Cash in bank	674,917	464,801	1,139,718
Accounts Receivable	1,154,950	156,376	1,311,326
Inventory for Resale	-	1,389,910	1,389,910
Investment in First Nation Controlled Entities	2,332,376	(2,332,376)	-
LIABILITIES			
Accounts Payable	1,383,157	521,314	1,904,471
Advances from First Nation Controlled Entities	-	282,116	282,116
NON FINANCIAL ASSETS			
Tangible Capital Assets	12,930,605	1,124,719	14,055,324
ACCUMULATED SURPLUS			
	16,744,146	-	16,744,146
REVENUE			
	11,283,299	6,800,443	18,083,742
EXPENSES			
	11,224,640	6,933,704	18,158,344
SURPLUS (DEFICIT) BEFORE OTHER ITEMS			
	58,659	(133,261)	(74,602)
Amortization not included in operations	(1,769,211)	(168,704)	(1,937,915)
Business enterprise loss	(301,965)	301,965	-
ANNUAL SURPLUS (DEFICIT)			
	(1,949,149)	-	(1,949,149)

EXHIBIT "G"

KINGFISHER LAKE FIRST NATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2016

22. SEGMENT DISCLOSURE

	First Nation Management		Economic Development		Education	
	Budget	2016	Budget	2016	Budget	2016
REVENUE						
Federal government	\$ 492,362	540,560	492,532	51,000	51,000	885,412
Provincial government		45,000	19,000			1,051,352
Economic activities		46,014	(239,918)			1,166,856
Net income (loss) for investments in First Nation controlled enterprises		(2,592,466)				
Other revenue	<u>75,308</u>	<u>75,955</u>	<u>561,576</u>	<u>—</u>	<u>4,752</u>	<u>—</u>
TOTAL REVENUE	564,670	(1,884,937)	833,190	51,000	55,752	885,412
EXPENSES						
Honoraria - Chief and Councillors	258,800	256,871	249,938			
Wages and benefits	286,271	304,761	319,994	36,320	44,176	41,838
Amortization		1,644,462	1,769,211			
Tangible capital assets						
Interest	42,500	26,778	29,387			
Other expenses	(20,138)	12,376	475,789	<u>9,940</u>	<u>15,155</u>	<u>9,162</u>
TOTAL EXPENSES	567,433	2,245,248	2,844,319	46,260	59,331	51,000
SURPLUS (DEFICIT) BEFORE TRANSFERS	(2,763)	(4,130,185)	(2,011,129)	4,740	(3,579)	(14,346)
TRANSFERS	—	—	—	—	3,579	—
ANNUAL SURPLUS (DEFICIT)	\$ (2,763)	(4,130,185)	(2,011,129)	4,740	—	(14,346)
						80,466
						6,250

EXHIBIT "G"

KINGFISHER LAKE FIRST NATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2016

22. SEGMENT DISCLOSURE, continued

	Social Services			Municipal Services			Capital Projects		
	Budget	2016	2015	Budget	2016	2015	Budget	2016	2015
REVENUE									
Federal government	\$ 93,142	69,100	87,527	1,403,232	3,329,773	1,952,315	398,091	418,541	420,638
Provincial government	400,000	686,658	617,198	263,730	263,730	263,730			
Economic activities									
Net income (loss) for investments in First Nation controlled enterprises									
Other revenue		1,190			97,000	81,016	75,385		
TOTAL REVENUE	493,142	756,948	704,725	1,500,232	3,674,519	2,291,430	398,091	434,741	436,913
EXPENSES									
Honoraria, Chief and Councillors	114,330	110,799	109,988	498,341	886,268	791,193	296,000	328,885	1,398,512
Wages and benefits									
Amortization									
Tangible capital assets									
Interest									
Other expenses	381,700	665,470	598,358	928,063	3,180,100	1,721,742	563,115	617,362	
TOTAL EXPENSES	496,030	776,269	708,346	1,426,404	4,066,368	2,512,935	859,115	946,247	1,398,512
SURPLUS (DEFICIT) BEFORE TRANSFERS	(2,888)	(19,321)	(3,621)	73,828	(391,849)	(221,505)	(461,024)	(511,506)	(961,599)
TRANSFERS	—	—	—	—	399,029	205,314	475,000	519,259	955,599
ANNUAL SURPLUS (DEFICIT)	\$ (2,888)	(19,321)	(3,621)	73,828	7,180	(16,191)	13,976	7,753	(6,000)

KINGFISHER LAKE FIRST NATION
 NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
 FOR THE YEAR ENDED MARCH 31, 2016

22. SEGMENT DISCLOSURE, continued

		Health		Housing	
	Budget	2016	2015	Budget	2016
REVENUE					
Federal government	\$ 1,475,119	2,274,269	2,098,786		95,377
Provincial government					99,758
Economic activities					
Net income (loss) for investments in First Nation controlled enterprises		3,875	26,539		103,516
Other revenue					149,971
TOTAL REVENUE	1,475,119	2,278,144	2,125,325		198,893
EXPENSES					249,729
Honoraria, Chief and Councillors	1,033,595	1,274,374	1,341,328		
Wages and benefits					
Amortization					
Tangible capital assets					
Interest					
Other expenses	544,843	1,010,515	903,923		158,633
TOTAL EXPENSES	1,578,438	2,284,889	2,245,251		256,643
SURPLUS (DEFICIT) BEFORE TRANSFERS	(103,319)	(6,745)	(119,926)		40,260
TRANSFERS		6,745	63,473		31,000
ANNUAL SURPLUS (DEFICIT)	\$ (103,319)	—	(56,453)		40,260
					24,086

KINGFISHER LAKE FIRST NATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2016

22. SEGMENT DISCLOSURE, continued

	Community Services		Budget	Total	2016	2015
	Budget	2016				
REVENUE						
Federal government	\$ 36,692	63,542	32,700	4,835,860	7,893,514	6,402,112
Provincial government	21,978	181,705	5,044	21,978	1,177,093	904,972
Economic activities					46,014	(239,918)
Net income (loss) for investments in First Nation controlled enterprises					(2,592,466)	
Other revenue	<u>292,851</u>	<u>2,860,207</u>	<u>3,516,915</u>	<u>861,349</u>	<u>3,381,987</u>	<u>4,375,418</u>
TOTAL REVENUE	<u>351,521</u>	<u>3,105,454</u>	<u>3,554,659</u>	<u>5,719,187</u>	<u>9,906,142</u>	<u>11,442,584</u>
EXPENSES						
Honoraria, Chief and Councillors	323,851	710,926	812,620	3,289,141	256,871	249,938
Wages and benefits					4,418,871	5,591,806
Amortization					1,644,462	1,769,211
Tangible capital assets						
Interest	<u>344,227</u>	<u>1,463,285</u>	<u>1,372,744</u>	<u>2,951,075</u>	<u>26,778</u>	<u>29,387</u>
Other expenses	<u>668,078</u>	<u>2,174,211</u>	<u>2,185,364</u>	<u>6,541,516</u>	<u>7,570,376</u>	<u>5,751,391</u>
TOTAL EXPENSES	<u>(316,557)</u>	<u>931,243</u>	<u>1,369,255</u>	<u>(822,329)</u>	<u>(4,011,216)</u>	<u>(1,949,149)</u>
SURPLUS (DEFICIT) BEFORE TRANSFERS	<u>(475,000)</u>	<u>(928,612)</u>	<u>(1,255,386)</u>	<u>—</u>	<u>—</u>	<u>—</u>
TRANSFERS						
ANNUAL SURPLUS (DEFICIT)	\$ (791,557)	2,631	113,909	(822,329)	(4,011,216)	(1,949,149)